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Coding Overview and the Impact of ICD-10

30 October 2013

ICD-10 Goes Live on October 1, 2014

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How happy are we that there are 335 days left until the ICD-10 compliance date?

Happier than a camel on Wednesdays!

Session Topics

- Business as Usual
- Coding Background Information
- ICD-10 Benefits
- Expected Industry-wide and MHS Impacts
- MHS Initiatives
- MHS and DQ Challenges

BUSINESS AS USUAL

- Data Quality (DQ) Manager is the gatekeeper monitoring the data flow
- It takes a team to be successful
  - DQ Manager, Resource Management Office (RMO)/Patient Administration, MEPRS/EAS Coordinator, Credentials Manager, Budget Analyst/Uniform Business Office (UBO), Coding/Billing Supervisor, Clinical Systems Administrator(s)
- Are processes in place to assure data integrity?
- Are provider files set up correctly?
- Is your MTF getting the workload they earned?

BUSINESS AS USUAL

- Make it a Partnership - Providers and Coders
  - AHLTA/Essentris training – Providers, system trainers AND Coder/Auditors
  - Use of templates to streamline documentation
    - Must be updated at the same time as code tables
  - Feedback and training to provider – YOU NEED TO CLOSE THE LOOP!
  - We are in this together - communicate
  - Current coding resources need to be available for clinic, provider and coder/auditor use

BEST PRACTICES

- Ensure there is a process in place to identify AND to audit all billables!
  - Run report to identify encounters
    - CCE worklist **OR**
    - Run Preview List in CHCS
  - Perform audit of coding
    - Correct errors
    - Use of bundled procedure codes as appropriate
    - Query provider if documentation is unclear
- Don’t let a bill go out the door without an audit!

BUSINESS AS USUAL

- The key to coding compliance is
  - Correct documentation
  - Correct codes
  - Correct guidelines
  - Standardized audit methodology

BUSINESS AS USUAL - CODING

- **Validates medical <u>necessity of services</u> based on diagnosis**
- Identifies why patients are being seen
- Identifies and quantifies the services you have provided
- Permits retrieval of information for users
- Research and Benchmarking
- Administrative and funding decisions
- HEDIS reporting
- Key to Population Health - identify trends

BUSINESS AS USUAL - CODING

- ICD-9-CM
  - Diagnoses used for all types of encounters/admissions
  - Procedures used only for inpatients
  - MS-DRGs are based upon these codes
  - Updated annually 1 October
- CPT
  - E&M and procedure codes
  - Updated annually 1 January
- HCPCS
  - Supplies, pharmaceuticals/injectables
  - Updated annually 1 January

BACKGROUND

- The last regular, annual updates to both ICD-9-CM and ICD-10 code sets were made on October 1, 2011.
- On October 1, 2012 and October 1, 2013 there were limited code updates to both the ICD-9-CM and ICD-10 code sets to capture new technologies and diseases as required by section 503(a) of Pub. L. 108-173.
- On October 1, 2014, there will be only limited code updates to ICD-10. There will be no updates to ICD-9-CM, as it will no longer be used for reporting.
- On October 1, 2015, regular updates to ICD-10 will begin.

BACKGROUND

- Tenth addition of ICD was issued in 1993
  - Currently used in Europe and Canada
- HIPAA 5010 electronic transaction standards requirement was effective 1 January 2012
- US ICD-10 Compliance date is 1 October 2014
  - ICD-10-CM has expanded upon ICD-9-CM
  - ICD-10-PCS requires building a 7 character code
  - Requires coding and documentation training
  - ***NO GRACE PERIOD FOR IMPLEMENTATION***

MHS Activities /Processes Impacted by ICD-10

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ICD-10 Benefits

- ICD-10 has the potential to improve patient care
  - Precise description of diseases
  - Better data to fully comprehend patient medical history
  - Ability to track public health trends in more detail
  - Streamlined and accurate billing

Source: Denise Buenning, Director, OESS, CMS

Impacts to Clinical Documentation Improvement

- ICD-10 provides an opportunity to enhance clinical documentation and improve patient care at every MTF
- Services implementing Clinical Documentation Improvement (CDI) programs
- CDI Promotes:
  - Positive patient outcome through improved continuity of care
  - Accurate reflection of level of care provided
  - Precise information for population health (e.g. Disease Management)

Impacts to Resource Management

- Impacts to MTF Cost Recovery Program Reimbursements
  - Possible increase in rejected claims, at least initially [1]
  - Negligible long term impact as rates & charges are based on what TRICARE will allow
- Additional coders may be needed during transition
- Opportunity to achieve greater financial effectiveness
  - Classifies detail within codes to accurately process payments and reimbursements [2]
  - Supports refined reimbursement models to provide equitable payment for more complex conditions [2]
  - Opportunities to develop and implement new pricing and reimbursement structures including fee schedules and hospital and ancillary pricing scenarios based on greater diagnostic specificity [2]
  - More effective detection and investigation of potential fraud or abuse and proof of intentional fraud [2]

[1] CMS ICD-10 Implementation Guide for Small and Medical Practices (www.cms.gov/ICD-10)
[2] CMS ICD-10 Implementation Guide for Payers (www.cms.gov/ICD-10)

Projected Industry-wide Productivity Impacts

- Providers
  - Additional effort to provide increased specificity of documentation
  - Permanent increase in documentation time due to need for more specificity to support ICD-10 coding
  - Provider Training – 8 hours[2]
- Coders
  - 29% productivity decrease between 6 to 12 months[1]
  - Training
    - Inpatient Coder – 50 hrs[2]
    - Outpatient Coder – 16 hrs[3]

MHS Initiatives

- Military Health System ICD-10 Training Plan
- MHS Master Enterprise Integrated Master Schedule ICD-10
- Complete system development, testing, and deployment of software changes in early FY14
- Publishing bi-monthly articles of the “MHS ICD-10 Training and Communication Newsflash” for ICD-10 information and awareness http://www.tricare.mil/tma/hipaa/icd-10.aspx

MHS Initiatives

- Web-based training tool – became available August 2012
  - Provider specialty videos for clinical documentation training
  - Basic Awareness Modules for Senior Management, Finance
  - Advanced Awareness Modules for Data Analysts, Compliance, Data Quality and Billing
  - Coding Modules available for Coders, Auditors and Clinical Documentation Specialists
  - Advanced Practice Modules to be released Spring 2014
- Collaborating with Defense Health Clinical Systems and Tri-Service Workflow Group on ICD-10 training

MHS Initiatives

- AHLTA 3.3.8 supporting ICD-10
  - Automatic template conversion from ICD-9 to ICD-10 in most instances
  - Exceptions:
    - One to None: ICD-9 code has no ICD-10 equivalent
    - One to Many: ICD-9 code converts to several ICD-10 codes
    - Many to One: Several related ICD-9 codes convert to single ICD-10
  - Users need to verify the accuracy of converted codes before adding to their encounter notes

ICD-9-CM vol. 1 & 2 and ICD-10-CM Comparison

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ICD-9-CM vol. 1 & 2 (Diagnosis Codes)	ICD-10-CM (Diagnosis Codes)
3-5 characters in length	3-7 characters in length
Approximately 13,000 codes	**Approximately 68,000 available codes**
First digit may be alpha (E or V) or numeric; Digits 2-5 are numeric	First digit is alpha; Digits 2-3 are numeric; Digits 4-7 are alpha or numeric
Limited space for adding new codes	**Flexible for adding new codes**
Lacks detail	**Very specific**
Lacks laterality	**Has laterality**
Example: 453.41 Venous embolism and thrombosis of deep vessels of proximal lower extremity	Example: I82.411 Embolism and thrombosis of right femoral vein

Identified in the January 16, 2009 – *HIPAA Administrative Simplification: Modification to Medical Data Code Set Standards to Adopt ICD-10-CM and ICD-10-PCS Final Rule*

ICD-10-CM to ICD-9-CM

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ICD-10-CM	ICD-9-CM
E11341 Type 2 diabetes mellitus with severe nonproliferative diabetic retinopathy with macular edema	25050 Diabetes with ophthalmic manifestations, type II or unspecified type, not stated as uncontrolled 362 Severe nonproliferative diabetic retinopathy 36207 Diabetic macular edema
ICD-10-CM	**ICD-9-CM**
S72031A Displaced midcervical fracture of right femur, initial encounter for closed fracture	82002 Fracture of midcervical section of femur, closed

ICD-9-CM vol. 3 and ICD-10-PCS Comparison

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ICD-9-CM vol. 3 (Procedure Codes)	ICD-10-PCS (Procedure Codes)
3-4 numeric characters in length	7 alpha-numeric characters in length
Approximately 3,000 codes	**Approximately 87,000 available codes**
Based upon outdated technology	Reflects current usage of medical terminology
Limited space for adding new codes	**Flexible for adding new codes**
Lacks detail	**Very specific**
Lacks body site laterality	**Has body site laterality**
Generic terms for body parts	**Detailed descriptions for body parts**
Lacks description of methodology and approach for procedures	**Provides detailed descriptions of methodology and approach for procedures**
Limits DRG usage	**Allows DRG definitions to better recognize new technologies and devices**
Lacks precision to adequately define procedures	**Precisely defines procedures with detail regarding body part, approach, any device used, and qualifying information.**
Example: 47.01- Laparoscopic appendectomy	Example: 0DTJ4ZZ - Laparoscopic appendectomy

Identified in the January 16, 2009 – *HIPAA Administrative to Medical Data Code Set Standards to Adopt ICD-10-CM and ICD-10-PCS Final Rule*

ICD-10-PCS Coding and 7th Character Extensions

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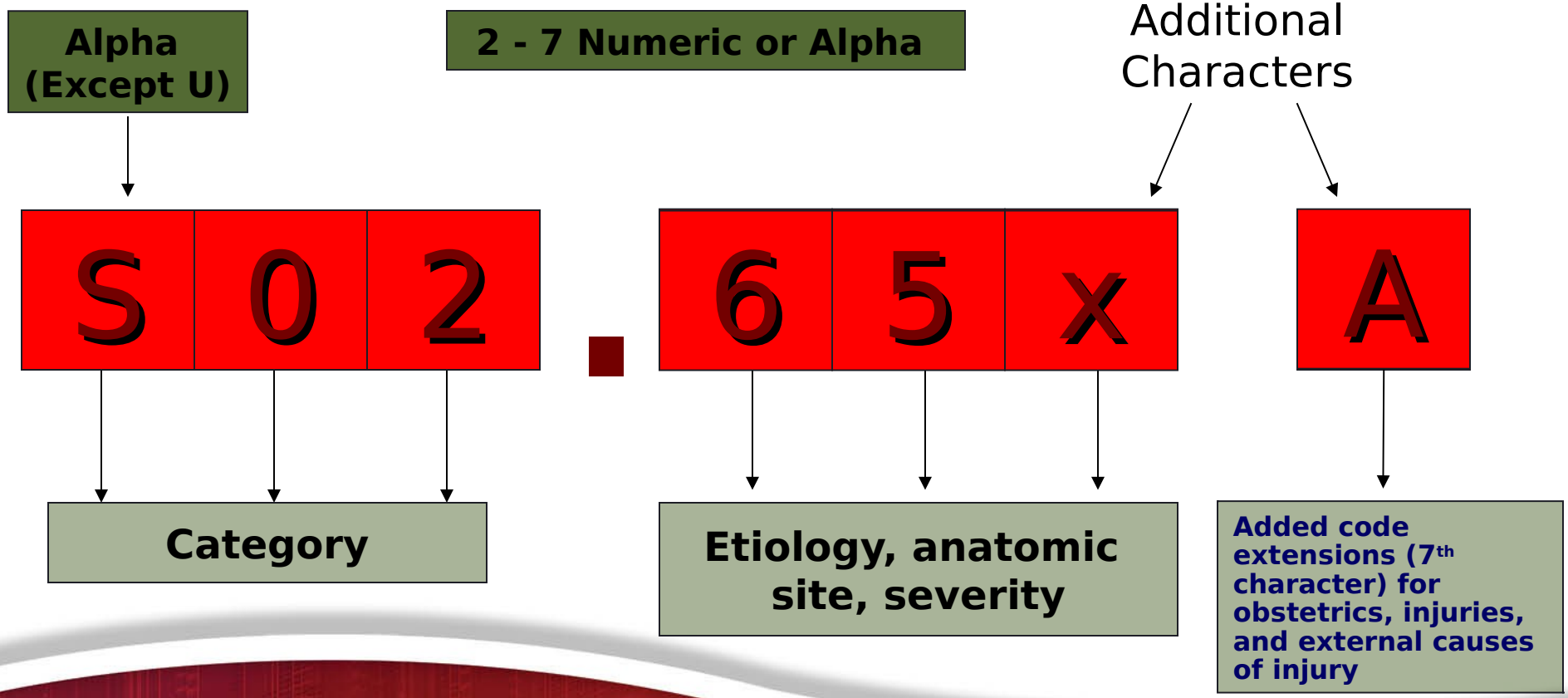

3 – 7 Characters

Example of Procedure Coded in ICD-10-PCS

- *Laparoscopic appendectomy: 0DTJ4ZZ*
  - Medical and Surgical section (0)
  - body system Gastrointestinal (D)
  - root operation Resection (T)
  - body part Appendix (J)
  - Percutaneous Endoscopic approach (4)
  - No Device (Z)
  - No Qualifier(Z).

Example of Procedure Coded in ICD-10-PCS

- *Tracheostomy using tracheostomy tube: 0B110F4*
  - Medical and Surgical section (0)
  - body system Respiratory (B)
  - root operation Bypass (1)
  - body part Trachea (1)
  - Open approach (0)
  - with Tracheostomy Device (F)
  - and qualifier Cutaneous (4)

MHS Challenges

- Post Implementation
  - Dual coding in ICD-9 and ICD-10
  - Providers spending increased time documenting and coding
  - Coder backlog initially
  - Separation of inpatient and professional services for billing
  - Third Party Billing “out the door” expected slowdown
  - Minimize returned claims

DQ Challenges

- Post Implementation
  - Coding Timeliness
  - Coding Accuracy
  - Completeness
  - Internal and external audits
  - Do additional metrics need to be developed for the transition year?
- Delays in Coding Timeliness and Accuracy could affect
  - Workload credit (PPS and MERCHF)
  - Billing
  - USCG Prospective Payment Management Review (charges based on current year encounter data)

Take Away

- ICD-10 affects all aspects of the Revenue Cycle
- Training needs to be “Just in time” to be effective
- Data needs to be accurate, timely and complete
- Bottom line – coding, billing and workload credit is as good as the documentation it is based upon
- The MHS is on track and staying the course to implement ICD-10 by October 1, 2014